

Message Text

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ACTION DLOS-09

INFO OCT-01 ARA-10 EUR-12 ISO-00 CIAE-00 DODE-00 PM-05

H-01 INR-10 L-03 NSAE-00 PA-01 SP-02 SS-15

AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02

OPIC-03 LAB-04 SIL-01 OMB-01 CEA-01 STR-07 ACDA-12

NSCE-00 SSO-00 ICAE-00 INRE-00 /116 W

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FM AMEMBASSY NASSAU

TO SECSTATE WASHDC IMMEDIATE 1155

INFO SECDEF WASHDC

AMEMBASSY BRIDGETOWN

AMEMBASSY LONDON

C O N F I D E N T I A L SECTION 1 OF 2 NASSAU 1314

DEPARTMENT PLEASE PASS TO AMBASSADOR ALDRICH, S/AR AND ARA/CAR

E.O. 11652: GDS

TAGS: MILI, MARR, BF, US

FACILITIES NEGOTIATIONS

1. THE EMBASSY HAS RECEIVED THE FOLLOWING LETTER FROM MINISTER
OF EXTERNAL AFFAIRS ADDERLEY LATE 19 JUNE 1978. BEGIN TEXT

I HAVE THE HONOUR TO REFER TO MY LETTERS OF 15 AUGUST
1975, 25 SEPTEMBER 1975 AND TO THE LETTER OF 24 DECEMBER 1975,
OF HIS EXCELLENCY, MR. SEYMOUR WEISS, WHO WAS AT THAT TIME
YOUR COUNTRY'S AMBASSADOR TO THE COMMONWEALTH OF THE BAHAMAS.

THE CORRESPONDENCE UNDER REFERENCE CONCERNS THE RE-
NEGOTIATION OF THE AGREEMENTS RELATING TO THE U.S. FACILITIES
AND OPERATING RIGHTS IN THE COMMONWEALTH OF THE BAHAMAS AND
THE ECONOMIC TERMS AND CONDITIONS ATTENDANT UPON THE CONCLUSION
OF SUCCESSFUL NEGOTIATIONS.

THE LETTER OF AMBASSADOR WEISS DATED 24 DECEMBER 1975
OFFERED 'THE FOLLOWING ECONOMIC CONSIDERATIONS UPON CONCLUSION
OF A SUCCESSFUL NEGOTIATION OF AGREEMENTS RELATING TO U.S.

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FACILITIES IN THE BAHAMAS.'

A. 'ANY AGREEMENT WHICH IS NEGOTIATED SHOULD PERMIT U.S.
USE OF THE FACILITIES FOR AT LEAST 15 YEARS. FOR THIS PUR-
POSE, MY GOVERNMENT IS PREPARED TO OFFER A CASH CONSIDERATION
OF FIVE MILLION DOLLARS PER YEAR, WHICH OVER THE LIFE OF THE
AGREEMENT WOULD TOTAL SEVENTY-FIVE MILLION DOLLARS. ANY PERIOD
LESS THAN 15 YEARS WOULD MAKE A FURTHER CAPITAL INVESTMENT IN

THE FACILITIES FOR IMPROVEMENT AND MODERNIZATION OF QUESTIONABLE WISDOM. WITHOUT SUCH FURTHER CAPITAL INVESTMENT, THE FACILITIES WOULD LOSE SUBSTANTIAL PORTION OF THEIR UTILITY TO MY GOVERNMENT.

B. OVER A 15-YEAR PERIOD, THE UNITED STATES GOVERNMENT PROPOSED TO UNDERTAKE CERTAIN MODIFICATIONS TO THE FACILITIES, SUCH AS PORT IMPROVEMENT AND HARBOR DREDGING, WHICH ARE ESTIMATED TO PROVIDE TO THE BAHAMIAN ECONOMY BENEFITS TOTALLING APPROXIMATELY FIFTEEN MILLION DOLLARS.

C. IN ADDITION TO THE FOREGOING CONSIDERATIONS, THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS IS ESTIMATED TO BENEFIT IN AN AMOUNT OF AT LEAST FOUR MILLION DOLLARS ANNUALLY FROM SALARIES AND OTHER EXPENDITURES MADE BY THE UNITED STATES IN CONNECTION WITH THE OPERATION OF ITS FACILITIES IN THE BAHAMAS. MOREOVER, WE ARE PREPARED TO UNDERTAKE EFFORTS TO INCREASE THESE BENEFITS BY HIRING ADDITIONAL QUALIFIED BAHAMIANS FOR WORK AT THE FACILITIES. AT CURRENT LEVELS, THESE BENEFITS TO THE BAHAMAS ARE EXTIMATED TO AMOUNT TO NOT LESS THAN SIXTY MILLION DOLLARS OVER A 15-YEAR PERIOD OF AGREEMENT.

D. IN ADDITION TO HIRING ADDITIONAL QUALIFIED BAHAMIANS FOR WORK AT THE FACILITIES, MY GOVERNMENT IS INVESTIGATING MEANS TO EQUIP BAHAMIAN PERSONNEL IN CERTAIN SKILLS SO AS TO PERMIT A SUBSTANTIAL INCREASE IN THE NUMBER OF BAHAMIANS QUALIFIED TO BE EMPLOYED IN SKILLED WORK AT THE U.S. FACILITIES. THE MEANS UNDER INVESTIGATION WOULD REQUIRE AN EXPENDITURE BY THE U.S. WHICH IS ESTIMATED TO EXCEED FIFTEEN MILLION
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DOLLARS.

E. MY GOVERNMENT IS ALSO PREPARED TO SEEK CREDITS UNDER FOREIGN MILITARY SALES FOR THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS TO PURCHASE ITEMS OF MILITARY EQUIPMENT, CONSISTENT WITH THE REPORT OF THE BAHAMAS' TECHNICAL SURVEY TEAM OF SEPTEMBER 21, 1973, OR AS MAY OTHERWISE BE MUTUALLY AGREED UPON. PROVIDED THAT SUFFICIENT FUNDS ARE AVAILABLE FROM CONGRESSIONAL AUTHORIZATION AND APPROPRIATIONS, A CREDIT IN THE AMOUNT OF FIVE MILLION DOLLARS WOULD BE MADE AVAILABLE IN THE FISCAL YEAR FOLLOWING SUCCESSFUL NEGOTIATIONS, ANY MY GOVERNMENT WILL SEEK ADDITIONAL CREDITS FOR THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS IF DESIRED, UP TO A TOTAL OF TWENTY-FIVE MILLION DOLLARS OVER THE LIFE OF THE AGREEMENT, SUBJECT TO CONGRESSIONAL APPROVAL.

F. MY GOVERNMENT IS FURTHER PREPARED TO RELEASE SUBSTANTIAL LAND AREAS WHICH HAVE HITHERTO BEEN INCLUDED AS PART OF U.S. FACILITIES IN THE BAHAMAS. ACCORDING TO OUR RECORDS THESE

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OPIC-03 LAB-04 SIL-01 OMB-01 CEA-01 STR-07 HA-05
ACDA-12 NSCE-00 SSO-00 ICAE-00 INRE-00 /121 W
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TO SECSTATE WASHDC IMMEDIATE 1156
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C O N F I D E N T I A L SECTION 2 OF 2 NASSAU 1314

DEPARTMENT PLEASE PASS TO AMBASSADOR ALDRICH, S/AR AND ARA/CAR

LANDS CONSTITUTE OVER 2,000 ACRES. DELINEATION OF THESE LAND
AREAS COULD BE UNDERTAKEN AT A FUTURE DATE BY APPROPRIATE
REPRESENTATIVES OF OUR GOVERNMENTS.

G. THE ABOVE OFFERS SHALL BE EFFECTIVE AS OF THE DATE
UPON WHICH SUCH NEGOTIATION IS COMPLETED. THESE OFFERS DO
NOT INCLUDE RETROACTIVE PAYMENTS, BECAUSE MY GOVERNMENT LACKS
LEGISLATIVE AUTHORITY FOR MAKING RETROACTIVE PAYMENTS FOR
WHICH THERE HAS BEEN NO PRIOR OBLIGATION.'

IT IS THE OPINION OF MY GOVERNMENT THAT PROPOSALS B AND
C DO NOT CONSTITUTE "ECONOMIC CONSIDERATIONS" WITHIN THE CON-
TEXT OF THE CONTEMPORARY USAGE OF THAT PHRASE OR THE DESIRE
OF THE GOVERNMENT OF THE BAHAMAS TO ACHIEVE REASONABLE COMP-
ENSATION FOR THE USE OF THE FACILITIES. MY GOVERNMENT
COULD CONCEDE THAT THE SUM OF ONE HUNDRED AND
SIXTY-FIVE MILLION DOLLARS IN PROPOSALS A, B, C AND D IN THE
LETTER OF DECEMBER 24, 1975 COULD CONSTITUTE A PART OF THE
TOTAL ECONOMIC CONSIDERATION REQUESTED WHICH WAS COMMUNICATED
TO AMBASSADOR WEISS IN MY LETTER OF 25 SEPTEMBER 1975, THE
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ESSENTIAL ELEMENTS OF WHICH WERE:'

(I) THE GOVERNMENT OF THE COMMONWEALTH OF THE BAHAMAS
WOULD WISH YOUR EXCELLENCY'S GOVERNMENT TO AGREE THAT THE
CONSIDERATION BE IN THE NATURE OF A CASH RENTAL PAYMENT OF

DOLS 5 MILLION PER YEAR FOR THE SITES.

(II) THE PROVISION OF ECONOMIC, TECHNICAL AND SECURITY ASSISTANCE IN THE TOTAL SUM OF DOLS 500 MILLION U.S. DOLLARS OVER A PERIOD OF 10 YEARS.

(III) THAT THE CONSIDERATION MENTION IN (I) ABOVE AND THE ECONOMIC, TECHNICAL AND SECURITY ASSISTANCE MENTIONED IN (II) ABOVE BE EFFECTIVE AS OF 10 JULY 1973.

IT IS TO ITEM (II) ABOVE THAT I INVITE YOUR EXCELLENCY'S GOVERNMENT'S SERIOUS CONSIDERATION HAVING REGARD TO WHAT CAN BE CONCEDED WITH RESPECT TO YOUR GOVERNMENT'S PROPOSALS A, B, C AND D.

AS STATED IN MY LETTER OF 15 AUGUST 1975, IT IS MY GOVERNMENT'S DESIRE TO PROVIDE FOR THE DEVELOPMENT OF ITS ECONOMIC POTENTIAL BY THE MAXIMUM UTILIZATION OF ITS RESOURCES BOTH HUMAN AND PHYSICAL.

IT IS ALSO PROPOSED THAT WHAT MIGHT BE REGARDED AS A PART OF THE BALANCE OF THE TOTAL SUM REQUESTED AND SOUGHT TO BE SATISFIED BY YOUR PROPOSAL E IN THE NATURE OF CREDITS UNDER YOUR FOREIGN MILITARY SALES BE ABANDONED AND INCORPORATED IN COMMITMENTS TO FINANCIAL ASSISTANCE UNDER YOUR EXPORT-IMPORT BANK PROGRAMMES, ECONOMIC ASSISTANCE PROGRAMMES AND OTHER SUCH SIMILAR U.S. GOVERNMENT INSTITUTIONAL ARRANGEMENTS BY WHICH BAHAMIAN NEEDS FOR TECHNICAL ASSISTANCE AND ECONOMIC ASSISTANCE MIGHT BE SATISFIED BY LOANS, GRANTS OR CREDITS.

MY GOVERNMENT IS CONSCIOUS OF THE SIGNIFICANCE OF THE FACILITIES TO THE SECURITY OF THE UNITED STATES AND INDEED THE SECURITY OF THE COMMONWEALTH OF THE BAHAMAS BUT IT ALSO REGARDS THE ECONOMIC VIABILITY OF THE COMMONWEALTH OF THE BAHAMAS AS HAVING THE HIGHEST PRIORITY. I THEREFORE INVITE YOUR
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EXCELLENCY'S GOVERNMENT'S FURTHER CONSIDERATION OF THE PROPOSALS MADE IN THIS LETTER. END TEXT

2. EMBASSY COMMENTS FOLLOW SEPTTEL.
TAYLOR

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Status: NATIVE
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TAGS: MILI, MARR, BF, US
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